



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

August 25, 2021

James Scott, Director  
Division of Program Operations  
Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
601 East 12th Street Room 355  
Kansas City, Missouri 64106

SUBJECT: State Plan Amendment  
Title XIX, Social Security Act  
Transmittal #2021-0018

Dear Mr. Scott:

Please find attached an amendment for North Carolina's State Plan under Title XIX of the Social Security Act for the Medical Assistance Program. The affected pages are Supplement 3 to Attachment 3.1-A, Pages 2-9. This state plan change will allow the state plan for PACE to align with changes made by CMS. In 2020, CMS updated the PACE state plan pre-print pages. The changes constitute language changes only for example, the reference to HCFA was changed to CMS and the statement "comparable FFS population" was revised to state "comparable population". States were encouraged to review their existing PACE state plan pages to make sure they are to update.

This amendment is effective September 1, 2021.

Your approval of this state plan amendment is requested. If you have any questions or concerns, please contact me or Betty J. Staton at 919-538-3215.

Sincerely,

A handwritten signature in black ink that reads "Mandy K. Cohen".

Mandy K. Cohen, MD, MPH  
Secretary

Enclosures

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
Program of All-Inclusive Care for the Elderly (PACE) services

State/Territory: North Carolina

**Regular Post Eligibility**

1. \_\_\_\_ SSI State. The State is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a). Sec. 435.726--States which do not use more restrictive eligibility requirements than SSI.

(1.) Allowances for the needs of the:

(A.) Individual (check one)

1. \_\_\_\_ The following standard included under the State plan (check one):

(a) \_\_\_\_ The SSI federal benefit rate

(b) \_\_\_\_ Medically Needy Income Level (MNIL)

(c) \_\_\_\_ The special income level standard for the institutionalized individuals eligible under section 1902(a)(10)(A)(ii)(V) of the Act

(d) \_\_\_\_ Percent of the Federal Poverty Level: \_\_\_\_ %

(e) \_\_\_\_ Other (specify): \_\_\_\_\_

2. \_\_\_\_ The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.

3. \_\_\_\_ The following formula is used to determine the needs allowance:  
  
\_\_\_\_\_  
\_\_\_\_\_

*Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.*

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(B.) Spouse only (check one):

1.  SSI Standard
2.  Optional State Supplement Standard
3.  Medically Needy Income Standard
4.  The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
5.  The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_ % of \_\_\_\_\_ standard.
6.  The amount is determined using the following formula:  
1924(d)(1)(B) of the Act
7.  Not applicable (N/A)

(C.) Family (check one):

1.  AFDC need standard
2.  Medically needy income standard

*Note: The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.*

3.  The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
4.  The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_ % of \_\_\_\_\_ standard.
5.  The amount is determined using the following formula:  
1924(d)(1)(C) of the Act
6.  Other
7.  Not applicable (N/A)

(2). Allowance for medical and remedial care expenses, as described in 42 CFR 435.726(c)(4).

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Regular Post Eligibility

2. \_\_\_\_\_ 209(b) State, a State that is using more restrictive eligibility requirements than SSI. The State is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(A) 42 CFR 435.735--States using more restrictive requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1. \_\_\_\_\_ The following standard included under the State plan (check one):

(a) \_\_\_\_\_ The SSI federal benefit rate

(b) \_\_\_\_\_ Medically Needy Income Level (MNIL)

(c) \_\_\_\_\_ special income level standard for the institutionalized individuals eligible under section 1902(a)(10)(A)(ii)(V) of the Act

(d) \_\_\_\_\_ Percent of the Federal Poverty Level: \_\_\_\_\_ %

(e) \_\_\_\_\_ Other (specify): \_\_\_\_\_

2. \_\_\_\_\_ The following dollar amount: \$ \_\_\_\_\_

Note: If this amount changes, this item will be revised.

3. \_\_\_\_\_ The following formula is used to determine the needs allowance:

\_\_\_\_\_

*Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the PACE enrollee's income, enter N/A in items 2 and 3.*

(B.) Spouse only (check one):

1. \_\_\_\_\_ The more restrictive income standard established under 42 C.F.R. §435.121

2. \_\_\_\_\_ Optional State Supplement Standard

3. \_\_\_\_\_ \$ \_\_\_\_\_ Medically Needy Income Level Standard

4. \_\_\_\_\_ The following dollar amount (provided it does not exceed the amount(s) described in 1-3):

5. \_\_\_\_\_ The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_ % of \_\_\_\_\_ standard.

6. \_\_\_\_\_ Not applicable (N/A)

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(C.) Family (check one):

1.  AFDC need standard
2.  Medically needy income standard

*Note: The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.*

3.  The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
4.  The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_% of \_\_\_\_\_ standard.
5.  The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_
6.  Other
7.  Not applicable (N/A)

(b) Medical and remedial care expenses specified in 42 CFR 435.735 (c)(4)

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Spousal Post Eligibility

3. \_\_\_ State uses the post-eligibility rules of Section 1924 of the Act (spousal impoverishment protection) to determine the individual's contribution toward the cost of PACE services if it determines the individual's eligibility under section 1924 of the Act. There shall be deducted from the individual's monthly income a personal needs allowance (as specified below), and a community spouse's allowance consistent with the minimum monthly maintenance needs allowance described in section 1924(d), a family allowance, for each family member, calculated as directed by section 1924(d)(1)(C), and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.

(a.) Allowances for the needs of the:

1. Individual (check one)

(A). \_\_\_ The following standard included under the State plan (check one):

1. \_\_\_ SSI
2. \_\_\_ Medically Needy
3. \_\_\_ The special income level for the institutionalized
4. \_\_\_ Percent of the Federal Poverty Level: \_\_\_
5. \_\_\_ Other (specify): \_\_\_\_\_

(B). \_\_\_ The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.

(C). \_\_\_ The following formula is used to determine the needs allowance:

\_\_\_\_\_  
\_\_\_\_\_

*If this amount is different than the amount used for the individual's maintenance allowance under 42 CFR 435.726 or 42 CFR 435.735, explain why you believe that this amount is reasonable to meet the individual's maintenance needs in the community:*

These individuals are living in the community and thus have greater needs for shelter, food and clothing. We provide optional coverage for Aged, Blind and Disabled in the community at 100% of the federal poverty level to meet these greater needs.

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II. Rates and Payments

- A. The State assures CMS that the capitated rates will be less than the cost to the agency of providing State plan approved services to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the amount the state would have otherwise paid for a comparable population.
1. X Rates are set at a percent of the amount that would otherwise been paid for a comparable population.
  2.     Experience-based (contractors/State's cost experience or encounter date)(please describe)
  3.     Adjusted Community Rate (please describe)
  4.     Other (please describe)
- B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner.
- C. The State will submit all capitated rates to the CMS Regional Office for prior approval, and will include the name, organizational affiliate of any actuary used, and attestation/description of the capitation rates.

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The description of the PACE payment methodology and actuarial certification of these rates is as follows:

1. To develop the UPL's, the state actuary used historical comparable population data adjusted for the populations and services covered by the PACE program. This includes base information where the recipient is 55 years of age or older, who require a nursing home level of care, and live within a PACE service area. Only the costs of State Plan approved services from this data file were used for the development of UPL's. Separate UPL's were developed for dually eligible individuals (Medicare and Medicaid) and non-dually eligible individuals (Medicaid only) 55 years of age and older. The dual eligible categories QMB only, QDWI, SLMB, QI1, and QI2 are not entitled to Medicaid services and thus are not included in the UPL calculations. Recipients enrolled in managed care programs and services not covered under PACE were excluded.
2. Graduate and Indirect Medical Expenses (GME/IME) and Disproportionate Share Hospital (DSH) payment were not included in the Medicaid Management Information System (MMIS). MMIS data does not reflect rebates collected on pharmacy claims; thus it was appropriate to adjust the pharmacy data to reflect the impact of rebates.
3. Each of the dually eligible and non-dually eligible groups was analyzed separately with costs weighted between institutional and community populations to produce a UPL for each of the two eligibility categories.
4. Adjustments were applied to determine the UPL once the base data was analyzed and determined appropriate. The adjustments include program changes and trend. UPL methodology includes the impact of any programmatic changes.

C. The State will submit all capitated rates to the CMS Regional Office for prior approval.

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III. Enrollment and Disenrollment

The state assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administering Agency. The State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month.

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